

14 July 2014

Market Update

Response to Media Publications

Reward Minerals Limited ("Reward" or the "Company") is aware of recent articles in the Fairfax Press regarding corporate governance issues within the Western Desert Lands Aboriginal Corporation ("WDLAC") which is the Prescribed Body Corporate ("PBC") of the Martu people.

In particular, the articles refer to potential conflicts of interest existing for certain senior management personnel at WDLAC in relation to the negotiation of an Indigenous Land Use Agreement ("ILUA", the "Agreement") between the Martu people and Reward in respect of the Lake Disappointment Potash Project in Western Australia. They also imply improper conduct by Reward in its negotiations with WDLAC and the Martu in respect of the Lake Disappointment Potash Project.

Reward rejects any suggestion that it acted improperly or coerced any Martu members to unwillingly agree to the execution of the ILUA. The Company finds any suggestion to the contrary to be wholly offensive. The Company is currently obtaining legal advice in respect of the articles published by the Fairfax Press and will provide an update on this matter shortly.

The negotiations which culminated in the Lake Disappointment Potash Project ILUA were arduous and protracted, taking over 12 months after a four year hiatus. They included several well attended on-country meetings with Martu communities. WDLAC and the Martu people had a large negotiating team including independent legal and financial advisors. The sensitivity of the Lake Disappointment heritage value to the Martu people was appreciated by all parties involved and was reflected in the (generous) terms which underpin the final Agreement.

The ILUA terms included cash payments of over \$1.5 million, a royalty of 1.5% of product gross value and importantly, the issue of 15 million RWD (50 cent) options. The options to be issued constituted approximately 20% of the issued capital of Reward at the time of the Agreement. The Agreement terms were regarded as a landmark high for a Native Title Party and were severely criticised by some in the mining industry.

In respect of the Lake Disappointment site, the agreement reached resulted in a substantial portion of Lake Disappointment being quarantined from development because of heritage value. Survey and final agreement on these areas required a further nine months after the execution of the ILUA.

The current relationship between Reward and the Martu people is cordial and productive. Employment of Martu people on Company activities is significant and continues to increase. The good relationship is evidenced by the numerous recent Access Agreements

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KEY PROJECTS

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entered into allowing Reward's exploration and development activities to move forward in a number of project areas.

Reward acknowledges that not all Martu agree with mining activities on Martu Lands but believe that a very large majority are now in favour having seen the employment and financial benefits flowing through from mining activities in the Pilbara region.

Disputes as to the distribution of monies received by PBC's are commonplace and sometimes escalate into less than objective claims being made by one party against another. Entities such as Reward are sometimes caught in the crossfire. Reward believes this may be the case in respect of recent media claims.

Reward emphasises its deep respect for the Martu people and values its relationship with them as a partner via their representative WDLAC. However, Reward has no influence or involvement in the administration and management of WDLAC and would not seek to do so.

In respect of claims of corporate governance issues a response to the Fairfax News Article was released by WDLAC on its website on 11 July 2014 and can be located at: <http://www.wdlac.com.au/news/>

Yours faithfully,

Michael Ruane
Director
on behalf of the Board